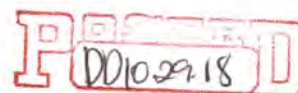




Confidential - Patricia ✓

279442 SA



Matthew W. Gissendanner
Assistant General Counsel

matthew.gissendanner@scana.com

October 29, 2018

VIA HAND DELIVERY

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: South Carolina Electric & Gas Company
Request for Approval of Retail Power Sales Agreement with Kapstone Charleston
Kraft LLC
Docket No. 2018-341-E

RECEIVED
2018 OCT 29 AM 11:25
SC PUBLIC SERVICE
COMMISSION

Dear Ms. Boyd:

Pursuant to S.C. Code Ann. Regs. 103-303 (2012), South Carolina Electric & Gas Company ("SCE&G" or "Company") hereby files with the Public Service Commission of South Carolina ("Commission") and seeks approval of the Retail Power Sales Agreement ("Agreement") between SCE&G and Kapstone Charleston Kraft LLC ("Kapstone").

Kapstone owns and operates a 116.83 MVA steam cogeneration facility ("Generator") at its mill in North Charleston, South Carolina, which Kapstone intends to use to be its own primary supplier of electric energy at its North Charleston location. However, Kapstone lacks sufficient capacity to meet all of its electric needs under all conditions. Therefore, under the Agreement, SCE&G will act as a secondary backup supplier of energy. SCE&G will supply firm unscheduled electric power and energy for any shortfall under Rate 23 ("Supplemental Power"), and will sell electric power and energy in excess of Supplemental Power on an interruptible and unscheduled "economy" basis ("Economy Power"). When the Generator is unavailable, SCE&G will sell Kapstone electric power and energy in excess of Supplemental Power up to the Generator's rated nameplate capacity on an interruptible and unscheduled "standby" basis ("Standby Power") and will sell electric power and energy in excess of Supplemental Power on a firm and scheduled "maintenance" basis ("Maintenance Power"). The Agreement continues for ten years from the effective date, January 1, 2019, unless terminated sooner in accordance with any applicable provision of the Agreement. The Agreement may be continually renewed for additional terms of five years upon the same terms and conditions upon mutual written agreement of the Parties at least 60 days prior to the expiration of the initial term or any extension.

Due to the commercial sensitivity and proprietary nature of certain provisions of this Agreement as well as the highly competitive nature of the industry in which Kapstone operates, Kapstone requested and the Company agreed to keep the terms of the Agreement confidential. In accordance with the terms of the Agreement, the Company and Kapstone respectfully request that the Commission find that the Agreement contains protected information and issue a protective

1865

order barring the disclosure of this Agreement under the Freedom of Information Act, S.C. Code Ann. §§ 30-4-10 *et seq.*, S.C. Code Ann. Regs. 103-804(S)(1), or any other provision of law. Pursuant to S.C. Code Ann. Regs. 103-804(S)(2), the determination of whether a document may be exempt from disclosure is within the Commission's discretion.

To this end, and in accordance with Commission Order No. 2005-226, dated May 6, 2005, in Docket No. 2005-83-A, we enclose with this letter a redacted version of the Agreement that protects from disclosure the sensitive, proprietary and commercially valuable information, while making available for public viewing non-protected information. We also enclose a copy of the unredacted Agreement in a separate, sealed envelope and respectfully request that, in the event that anyone should seek disclosure of this unredacted Agreement, the Commission notify SCE&G of such request and provide it with an opportunity to obtain an order from this Commission or a court of competent jurisdiction protecting the Agreement from disclosure.


Enclosed are the following:

- (1) A true and correct copy of the original Agreement in a sealed envelope marked "CONFIDENTIAL." Each page of the Agreement is also marked "CONFIDENTIAL."
- (2) Ten (10) copies of a redacted copy of the Agreement for filing and public disclosure.

By copy of this letter, we are providing the South Carolina Office of Regulatory Staff ("ORS") with a redacted copy of the Agreement for its records. Additionally, SCE&G will make the original, unredacted copy of the Agreement available to ORS for its review.

Thank you for your assistance and consideration of this matter. If you have any questions, please do not hesitate to contact us at your convenience.

Very truly yours,


Matthew W. Gissendanner

MWG/kms

Enclosure

cc: Dawn Hipp
Jeffrey M. Nelson, Esquire
(all via hand delivery)

RETAIL POWER SALES AGREEMENT
between
SOUTH CAROLINA ELECTRIC & GAS COMPANY
and
KAPSTONE CHARLESTON KRAFT LLC

THIS RETAIL POWER SALES AGREEMENT ("Agreement"), which includes Appendices A, B, C, D, and E attached hereto and made a part hereof, is entered into on October 3, 2018 between SOUTH CAROLINA ELECTRIC & GAS COMPANY ("Company or "SCE&G"), a South Carolina corporation, and KAPSTONE CHARLESTON KRAFT LLC ("Customer"), a Delaware limited liability company (each a "Party" and together the "Parties"), and shall be effective as of midnight (zero hundred hours military time) on January 1, 2019 (the "Effective Date").

RECITALS

WHEREAS, Customer owns and operates a cogeneration facility, specifically, a [REDACTED] MVA steam co-generator at its mill located at 5600 Virginia Avenue, North Charleston, South Carolina (the "Generator"), for the purpose of providing thermal and electric energy to the facilities it owns and operates in North Charleston; and

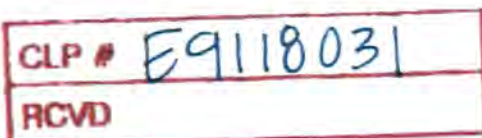
WHEREAS, Customer intends to be its own primary supplier of electric energy at its North Charleston location and have Company act as a secondary backup supplier of such energy under this Agreement; and

WHEREAS, Customer's Generator lacks sufficient capacity to meet all of Customer's electrical needs under all conditions, therefore Company will supply and Customer wishes to contract for firm unscheduled electric power and energy for said shortfall under Rate 23 (a copy of which is attached as Appendix B) (electric power and energy supplied and purchased under Rate 23 under this Agreement is referred to herein as "Supplemental Power"); and

WHEREAS, Company also wishes to sell and Customer desires to purchase electric power and energy in excess of Supplemental Power on an interruptible and unscheduled "economy" basis (as further defined in Appendix A, "Economy Power"); and

WHEREAS, when the Generator is unavailable to meet the Customer's needs, Company wishes to sell and Customer desires to purchase electric power and energy in excess of Supplemental Power up to the Generator's rated nameplate capacity as of the date of this Agreement on an interruptible and unscheduled "standby" basis (as further defined in Appendix A, "Standby Power"); and

WHEREAS, when the Generator is unavailable to meet the Customer's needs, Company wishes to sell and Customer desires to purchase electric power and energy in excess of Supplemental Power on a firm and scheduled "maintenance" basis (as further defined in Appendix A, "Maintenance Power").



NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the Parties agree as follows:

ARTICLE 1

DEFINITIONS

Unless otherwise defined in this Agreement, the capitalized terms used in this Agreement have the meanings set forth below whenever the terms appear in this Agreement, whether in the singular or the plural or in the present or past tense. Other terms used in this Agreement but not listed in this Article 1 have the meanings as commonly used in the English language. Words not otherwise defined herein that have well known and generally accepted technical or trade meanings are used herein in accordance with such recognized meanings.

“Commission” means the Public Service Commission of South Carolina.

“Company” has the meaning set forth in the introductory paragraph hereof.

“Customer” has the meaning set forth in the introductory paragraph hereof.

“Economy Power” has the meaning set forth in the Recital paragraphs hereof and Appendix A.

“Effective Date” has the meaning set forth in the introductory paragraph hereof.

“Generator” has the meaning set forth in the Recital paragraphs hereof.

“Good Utility Practice” means any of the practices, methods, standards and acts, (including, but not limited to, the practices, methods and acts engaged in or approved by a significant portion of owners and operators of distribution systems in the United States) that, at a particular time in the exercise of reasonable judgment in light of the facts known or that should reasonably have been known at the time a decision was made, could have been expected to accomplish the desired result and goals (including such goals as efficiency, reliability, economy and profitability) in a manner consistent with applicable facility design limits and equipment specifications and applicable laws and regulations. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be generally accepted and consistently adhered to acceptable practices, methods or acts relevant to the activity and facts in question.

“[REDACTED]” has the meaning set forth in Article 4, Section (e).

“Kapstone” means KapStone Charleston Kraft, LLC.

“KVA” means kilovolt amps.

“KVAR” means Kilovar Amperes Reactive.

“KW” means kilowatt.

“KWh” means a kilowatt hour.

“Maintenance Power” has the meaning set forth in the Recital paragraphs hereof and Appendix A.

“Material Default” has the meaning set forth in Article 11.

“Momentary Interruption” means a complete interruption of power on one or all three phases restored by automatic or supervisory switching lasting for a period not to exceed 3 seconds.

“On-Peak” and “On-Peak Hours” have the meaning set forth in Appendix A.

“Off –Peak” and “Off-Peak Hours” have the meaning set forth in Appendix A.

“Party” and “Parties” have the meaning set forth in the introductory paragraph hereof.

“Initial Term” has the meaning set forth in Article 2, Section (a).

“Prudence” or “prudent” shall mean that actions or the lack of actions by Parties to this agreement shall in all cases be judged based on what a reasonable person (in the case of an entity other than a natural person, the decision maker or makers) would do given the information available to that person at the time the person could take action, whether to anticipate and avoid an unfavorable outcome or otherwise. Where prudence is concerned, reasonableness of action or non-action is measured based on the information available at the time meaningful action is possible, not based on hindsight or on information that becomes available later when the outcome, unfavorable or otherwise, has already begun to materialize.

“Rate 23” means the Company’s tariffed rate schedule for Industrial Power Service using that designation, a current copy of which is set forth in Appendix B, as approved by the Public Service Commission of South Carolina.

“Standby Contract Demand” has the meaning set forth in Article 5, Section (d)(2).

“Standby Power” has the meaning set forth in the Recital paragraphs hereof and Appendix A.

“Supplemental Contract Demand” has the meaning set forth in Article 5, Section (c)(1).

“Supplemental Power” has the meaning set forth in the Recital paragraphs hereof.

ARTICLE 2

TERM AND OPTION TO RENEW

(a) This Agreement shall remain in full force and effect for a term of ten (10) years from the Effective Date (the "Initial Term"), unless the Agreement is sooner terminated in accordance with any applicable provision of the Agreement.

(b) This Agreement may be continually renewed for additional terms of five (5) years upon the same terms and conditions provided herein upon mutual written agreement of the

Parties at least sixty (60) days prior to the expiration of the Initial Term or of any extension of this Agreement.

ARTICLE 3

COMMENCEMENT OF SERVICE

The terms of this Agreement shall become effective on the Effective Date.

ARTICLE 4

DESCRIPTION OF SERVICE

(a) Company agrees to furnish to Customer and Customer agrees to accept from Company electric power and energy, as provided for herein, on its premises located in North Charleston, South Carolina. Company agrees to deliver the electric power in the form of three (3) phase alternating current at a frequency of approximately sixty hertz and at a nominal 115,000 volts. Company's delivery points shall be as designated in Appendix C on substation single line drawing.

(b) Customer shall be responsible for extending and connecting service conductors to the point of service with approved connectors, furnished at Customer's expense.

(c) The Company is the holder of certain easements which permit Company to enter upon, use, and occupy certain real property owned by Customer in North Charleston, South Carolina (the "Easements"), under terms and conditions which are not subject to the continuing ratemaking jurisdiction and authority of the Commission, as well as certain rights of access to premises supplied with electric service as and for the purposes set forth in the Company's General Terms & Conditions for Electric Service (the "General Terms & Conditions") on file with and as approved by the Commission, and the Rules and Regulations of the Commission ("Commission Rules"), as amended from time to time.

(d) In lieu of the requirement in Article 4(a & b) above, Customer has requested and Company has agreed to provide electric transformation from 115 kV to 13.8 kV and voltage regulating services and Customer agrees to compensate Company for such service as specified in Article 5(e).

(e) Company's substation facilities consist of [REDACTED] transformers, together with all necessary conductors, switches, relays and control devices for delivering to Customer the services contracted and for delivering to [REDACTED] service provided by the Company, all located in Company's substation on Customer's premises. The combined capacity of these transformers allocated to the Customer is hereby agreed to be [REDACTED] KVA.

(f) Customer and [REDACTED] have made arrangements for delivery of power to metering points within Customer's and [REDACTED] jointly owned distribution system.

Company is in no way responsible for distribution of Customer's or [REDACTED] power and energy between the substation load side structure and metering locations described in Appendix D.

(g) SCE&G reserves the right to limit excessive operation of the load tap changers to avoid premature contact and mechanism failure.

(h) Company and Customer shall work together to coordinate use of the Economy Power, Standby Power and Maintenance Power described herein under the provisions contained in Appendix A. Such coordination shall include, but not be limited to, the following:

(1) Each business day by 4:00 p.m., 24 hourly prices consisting of the non-binding, estimated hourly incremental fuel or purchased energy cost for the following day will be communicated to the Customer via a method specified by the Company. Prices for weekends, including Mondays and holidays, may be communicated to the Customer by 4:00 p.m. the business day prior to the weekend or holiday. Holidays are defined in the conventional Company tariffs. It is the Customer's responsibility to notify the Company if the hourly cost estimates are not available or retrievable. Such estimates are not binding for billing purposes and the actual Energy Charge shall be calculated based on actual costs in accordance with Appendix A.

(2) Company shall provide Customer with: the same email advisories in advance of potential high RTP prices that it sends its RTP customers, the same email advisories warning of the potential for curtailments that it sends to its interruptible customers, and the same email notice of price increases that it sends its RTP customers who are subject to significant intra-day price increases. Due to the facts that Customer is billed based on the ex post highest cost generation unit or purchased power, and Company does not have an precise method of predicting these costs, Customer acknowledges that Company may not always be able to provide Customer with timely notice that a significant price change has occurred or is expected to occur over the estimated costs made available through item (h)(1). Company agrees to include Customer on any communication methods that may be developed in the future that would assist Customer in making timely economic dispatch decisions. Company shall have no liability arising from or relating to such advisories or lack thereof, and Company cannot guarantee successful email or facsimile delivery to Customer.

[REDACTED]

(4) Customer's representative shall call Company's System Control Room prior to midnight to request permission to use Economy or Standby Power which will

then be available for the next day. It is understood that the Company can withdraw such permission at any time using the notice provisions contained in Appendix A.



ARTICLE 5

PURCHASE PRICE

- (a) Customer shall pay Company monthly an amount as determined in accordance with Appendix A and Appendix B.
- (b) Customer Generated Power
 1. Customer is entering into a PURPA purchased power agreement with Company which requires Customer to deliver all energy generated by the Generator to Company and to sell any energy generated by the Generator in excess of Customer's load to Company. Customer generated power and energy delivered to the Company's 115 kV bus equal to Customer's 115 kV load shall be netted. Customer has agreed to pay a monthly Facility Charge for use of the substation so there will be no additional charges for netting. Any Customer load in excess of power and energy delivered to 115 kV system from Generator shall be defined as "Net Retail Energy" and is covered in following sections. Any energy generated by the Generator in excess of load will be sold to Company under the PURPA purchased power agreement.
- (c) Supplemental Power
 1. "Supplemental Contract Demand" shall be the firm maximum KW level selected by the Customer for Supplemental Power to be provided under Rate 23 in Appendix B. The selected KW level as of January 1, 2019 is [REDACTED]. Customer may increase the Supplemental Power Contract Demand at any time upon thirty (30) days written notice to the Company. During the first twelve (12) months of the Initial Term, Customer may decrease the Supplemental Power Contract Demand one (1) time. During the remaining Term of this Agreement, Customer may reduce the Supplemental Power Contract Demand a maximum of two (2) additional times by an amount not to exceed twenty per cent (20 %) of the previous Supplemental Power Contract Demand. Any such reduction requested shall remain in effect for a period of at least twelve (12) months. Customer shall provide thirty (30) days written notice prior to any requested reduction.
 2. Supplemental Power shall be billed in accordance with the Rate 23 tariff attached in Appendix B.
 3. The High-Voltage Discount specified in Rate 23 for 115 kV shall apply.


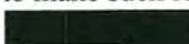


(d) Economy, Standby and Maintenance Power

1. All Net Retail Energy in excess of the Supplemental Contract Demand during any given 15-minute interval shall be billed under either Economy, Standby or Maintenance Power rates as described in Appendix "A".
2. "Standby Contract Demand" shall be the difference between [REDACTED] less Supplemental Contract Demand.
3. All energy in excess of Supplemental Contract Demand shall be billed as Economy Power as long as the Customer's generator is on line and Maintenance Power has not been scheduled for that day. The Parties acknowledge that the data used by Company for determining the fuel cost of the highest cost generation unit or purchased power per Appendix A is intended to reflect the highest cost incremental unit dispatched or energy purchased in the hour for native load that includes the load of the Customer.
4. In the event the Customer fails to provide Customer generated power to Company during a 15-minute interval during a given day and Maintenance Power has not been approved for that same day, then all energy and demand for that day in excess of the KW or KWh provided through Supplemental Power shall be billed as Standby Power.
5. In the event Customer wishes to schedule firm Maintenance Power then Customer shall contact Company and provide Company with dates and anticipated daily loads. The Company shall review all pertinent data and make a determination whether it can support Maintenance Power or not. Once Maintenance Power has been approved by Company, approval for specified days cannot be withdrawn.
6. Since the point of delivery is at 115 kV, the Standby Power and Maintenance Power demand charges in Appendix A, reflect a high-voltage discount as specified in Rate 23.

(e) Substation Facility Charge

1. In lieu of the requirement that Customer be responsible for extending and connecting service conductors to the point of service at Customer's expense described in Article 4(b), the Customer has agreed to pay a monthly Facilities Charge and in return Company agrees to provide "customer substation" services for Customer's load above its Supplemental Contract Demand.
2. This customer substation service includes the provision of conductivity between Generator and load, voltage transformation 115 kV to 13.8 kV, circuit protection within substation, and voltage regulation.
3. The Facilities Charge shall include all equipment including allocations of joint equipment in the substation as highlighted by yellow in Appendix C. The included list of equipment and allocations is set forth in the spreadsheet in Appendix C.

4. In consideration of the Company's investment in the non-transmission portion of the 115/13.8 kV substation and the expense incurred in owning, operating and maintaining the same, Customer hereby agrees to pay to Company a monthly Facility Charge to be calculated as set forth in Appendix C.
5. The facility charge rate is subject to change from time to time, but not more often than once a year based on Company's related changes in cost factors. The base on which the facility charges is calculated is subject to change with a corresponding change in the current value of any covered unit(s) of capital in the event of a required replacement of major components. This charge shall be in addition to all other sums due under this contract.

6.  These facilities shall be known as "extra facilities," with ownership, except for the neutral resistors (which remain the property of the Customer) vested with SCE&G. SCE&G agrees to inspect these facilities visually in conjunction with its periodic substation inspections, but assumes no responsibility for the operation of the equipment. Should the need for maintenance to or replacement of any of the "extra facilities" be detected by SCE&G, SCE&G will notify Customer and if requested, SCE&G agrees to make such repair or replacement with the cost being paid by Customer and  on a percentage basis of Customer at  and .

ARTICLE 6

PAYMENT

(a) Company shall determine the quantity of electric power and energy purchased by Customer during each hour of the billing period, based upon the metered values obtained in accordance with Article 7 of this Agreement, and shall determine the purchase price for such power and energy in accordance with applicable Supplemental, Economy, Standby and Maintenance Power schedules included in Appendices A & B. Company shall bill Customer for such electric power and Customer shall remit payment per Company's General Terms & Conditions, as amended from time to time.

ARTICLE 7

METERS AND METERING

(a) All metering equipment is installed on the 13.8 kV side of the four power transformers and one generator step-up transformer. Company will use load and no load loss factors to calculate all load quantities on the 115 kV side of transformers. Loss adjusted meter values will be used to determine kilowatts and kilowatt-hours (kWh) purchased during each 15-minute interval at a nominal voltage of 115 kV, as well as total electric power purchased per billing period under the terms of this Agreement. Loss adjustment factors and calculations are detailed in Appendix D and metering configuration details are listed in Appendix E.

(b) Company maintains two electric meters measuring the load of [REDACTED] at [REDACTED]. Both of these meters are downstream from substation and they are in series with the above referenced substation meters. Since the electric meters on the four power transformers in the substation referenced above measure the combined loads of the Customer plus [REDACTED] load, Company will subtract [REDACTED] loss adjusted electric usage from the loss adjusted substation metered loads on an interval by interval basis for the purpose of calculating Customer's energy and demand usage for its monthly bill. Loss adjustment factor and calculations for [REDACTED] will also be as detailed in Appendix D and metering configuration details are listed in Appendix E. Customer gives Company permission to communicate meter loads to [REDACTED] for the purpose of providing verification of metering calculations and contract compliance. Company warrants and represents that it has received permission from [REDACTED] to communicate [REDACTED] meter loads to Customer, and agrees to provide such load information to Customer on a monthly basis, for the purpose of providing verification of metering calculations and contract compliance.

(c) Company shall maintain all installed metering equipment and ensure accuracy by normal testing and calibration in accordance with the Company's General Terms & Conditions and the Commission Rules, as amended from time to time.

(d) Customer may request, at any time, a test of the accuracy of any metering equipment installed pursuant hereto, including the meters maintained to measure the load of [REDACTED], and shall bear the costs thereof in the event that the meter proves to be accurate within allowances of the Company's General Terms & Conditions and applicable Commission Rules, as amended from time to time. In the event errors greater than allowed are discovered, the cost of the test shall be at the expense of Company. The results of all meter calibrations or tests, whether or not performed at Customer's request, shall be open to examination by Customer at all reasonable times.

(e) Retroactive billing adjustments for errors found as a result of any test shall be made in accordance with the Company's General Terms & Conditions and applicable Commission Rules, as amended from time to time.

(f) Company shall read its meters in accordance with its normal operating procedures, which require monthly readings, in order to determine the amount of purchase by Customer under the terms of this Agreement.

ARTICLE 8

TRANSMISSION PLANNING

All load in excess of Supplemental Contract Demand will not be accounted for when planning the SCE&G Transmission System. Consequently, it is possible that under certain conditions when Customer's generator is off-line that Company may not have adequate transmission capability to serve Customer's load in excess of Supplemental Contract Demand as set forth below.

In the event the Customer is taking Maintenance Power during the months of June through September, and the only available source of power to Westvaco Substation is through Breaker [REDACTED] then the Customer agrees to reduce or curtail its Maintenance Power when Company determines, in its sole discretion, that reduction or curtailment of Customer's Maintenance Power is needed to maintain adequate transmission capability to serve other load served by Company and directs Customer to reduce or curtail its Maintenance Power. [REDACTED]

[REDACTED] The discount described above is the pro rata daily demand charge discount for Option A of the Company's IS Rider schedule and is subject to change from time to time as approved by the Public Service Commission of South Carolina. In the event, the Westvaco – Faber Place line is reconfigured, reconducted, or Company makes network improvements that relieve the potential constraint, Customer will be under no obligation to reduce or curtail Maintenance Power during these months and the discount for Maintenance Power will be discontinued.

ARTICLE 9

LOAD INCREASE

If Customer contemplates a load increase which may exceed the maximum substation capacity stated in Article 4(e), Customer shall give Company written notice of planned increase, with sufficient lead time for Company to enlarge its facilities. In such cases this Contract may be amended by mutual consent of the Parties to reflect any changes in the service characteristics, applicable charges or conditions of service.

ARTICLE 10

INSPECTION OF CUSTOMER'S EQUIPMENT

Company's right of ingress and egress over and upon certain real property owned by Customer in North Charleston, South Carolina to maintain, operate or inspect any of Company's equipment, or to inspect the equipment of Customer, is as set forth in the Company's General Terms and Conditions, the Commission Rules, and the Easements. Company shall be under no obligation to inspect Customer's equipment or to communicate the results of any such inspection to anyone; provided, however, that Customer shall be entitled to obtain the results of any such inspection via a post-inspection request.

ARTICLE 11

BREACH OF CONTRACT

In the event that a Party breaches any of the material terms or conditions of this Agreement ("Material Default") and fails to cure said breach as set forth below, the other Party, subject to the provisions of this Article 11, shall have the right to terminate this Agreement. The non-breaching Party shall first provide written notice by registered or certified mail of such breach to the other Party, which Party shall cure the breach as soon as reasonably possible. If such breach is not cured within twenty (20) days, or such reasonable time as the Parties may mutually agree upon in writing, the non-breaching Party may then exercise its right to terminate this Agreement by sending a written notice thereof to the other Party.

ARTICLE 12

TERMINATION

Should Customer terminate this contract and disconnect service for any reason other than an uncured Material Default by Company in accordance with Article 11, either during the initial term or any extension thereof unless waived as provided for herein, Customer shall pay to the Company for all facilities directly assignable to service for Customer a termination charge equal to (a) the total installed cost of facilities dedicated solely for serving Customer, (b) less any Customer contribution to construction, (c) less accumulated depreciation of the facilities funded by Company, (d) less salvage value of all facilities dedicated solely for serving Customer, (e) plus the cost of removal (including any associated environmental investigation/remediation costs related to a spill or release of hazardous substances caused by Customer or those paid or incurred by the Company which were not the result of negligence on the part of the Company, its employees, or agents), all as determined by Company in accordance with its standard accounting practices; provided, however, that the termination charge shall not be less than zero. Customers who terminate prior to the expiration of the initial term or any extension thereof may also be required to pay to Company a demand termination charge equal to 90% of the Supplemental Contract Demand in effect at the time of termination times the demand rate in effect at the time of termination times the number of months remaining in the contract period.

Company may waive a portion or all of the termination charges where (1) a successor contract is executed prior to termination of this Contract, (2) Customer is able to furnish Company with satisfactory evidence that a successor customer will occupy the premises within a reasonable time and contract for substantially the same service facilities, or (3) Customer and Company mutually agree to terminate this agreement and enter into a new Agreement. If deregulation should occur during the term of this contract, the above demand termination charge, after deregulation, will be determined by appropriate governing authority(ies) rules at that time. The termination charges above shall not preclude additional termination charges approved by the Commission or imposed by law.

ARTICLE 13

CREDITWORTHINESS

Company, in order to satisfy itself of the ability of the Customer to meet its obligations under the Agreement, may conduct periodic reasonable credit reviews in accordance with standard commercial practices. Customer agrees to assist in these reviews by providing financial information. So long as: (a) Customer's ultimate parent is a publicly traded company and (b) Customer's ultimate parent maintains a parental guaranty related to Customer's obligations under this Agreement, Customer will have fulfilled its obligation to provide financial information when Customer's ultimate parent timely files quarterly reports on forms 10-K and 10-Q with the Securities and Exchange Commission. In the event that any of the conditions that would allow the Company to require a deposit from Customer under the Commission Rules exist, then, at Company's request with 30 days' notice, Customer will maintain credit support in the form of a surety bond from an acceptable surety in an amount equal to the maximum deposit amount permitted under the Commission Rules, as amended from time to time.

ARTICLE 14

ASSIGNMENT

Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party, which consent may be withheld in the exercise of its sole discretion.

ARTICLE 15

FORCE MAJEURE

Company shall not be liable to Customer hereunder, nor shall Customer be liable to Company hereunder, by reason of failure of Company to deliver or Customer to receive electricity as the result of fire, strike, labor trouble, riot, explosion, flood, accident, breakdown, act of God, or the public enemy, or other acts reasonably beyond the control of the Party affected; it being the intention of each Party to relieve the other of the obligation to supply electricity or to receive and pay for electricity when, as a result of any of the above-mentioned causes, either Party may be unable to deliver or use in whole or in part the electricity herein contracted to be delivered or

received. Both Parties shall be prompt and diligent in removing and overcoming the cause or causes of said interruption, but nothing herein contained shall be constituted as permitting Company to refuse to deliver or Customer to refuse to receive electricity after the cause of interruption has been removed.

ARTICLE 16

INTERRUPTION LIABILITY

The Company's liability to Customer for interruptions in service shall be in accordance with the Company's General Terms & Conditions and the Commission Rules.

ARTICLE 17

IMPAIRED SERVICE

Customer shall be responsible for installing and maintaining on its system such protective equipment as necessary for prudently protecting its equipment from single phase conditions, Momentary Interruptions, or voltage fluctuations arising from conditions on its system or from Company's supply lines. Customer shall not operate its equipment in such manner as to impose voltage flicker, surges, or harmonics on Company's system that adversely affects the Company's system or its service to other Customers. Adverse conditions verifiable as of Customer origin shall be corrected promptly by Customer or upon Notice Company may discontinue service until the conditions are corrected. Customer agrees to keep Company equipment unencumbered and accessible at all times.

ARTICLE 18

HOLD HARMLESS

Company and Customer do respectively assume full responsibility for the maintenance and operation of the facilities owned and/or operated by each, and each shall indemnify and except as hereafter limited, shall hold the other Party and its directors, officers, employees, agents, stockholders, and affiliates (collectively, Indemnified Parties") harmless from any loss resulting from bodily injury (including death) or damage of property arising directly or indirectly out of any negligent or willful act or failure to act on the part of the indemnitor, the indemnitor's employees, or the indemnitor's agents in the installation, maintenance, operation, replacement and/or removal of the facilities owned and operated by each. Neither party shall be liable to the other in any event, whether in contract, tort or otherwise, for any loss of revenue, profits, use of production, costs of capital or purchased or replacement power, interest, business interruption, claims of customers or any other incidental, indirect or consequential damages of any nature whatsoever. Customer(s) acknowledge(s) the presence of overhead and/or underground power lines and understands that contact with them could cause serious injury or death.

ARTICLE 19

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

This Contract, the Billing Rates referenced on Appendices A and B, and all services rendered hereunder, are subject to the Company's General Terms & Conditions and the Commission Rules, as the foregoing now exist or may be amended in the manner prescribed by law. The billing Rate and General Terms & Conditions are attached and made a part hereof; Commission Rules are made a part hereof by reference and are available upon request. This Agreement is specifically intended to survive deregulation or retail access.

The Customer agrees to support the Company in its request to the Commission to approve the Contract and to protect the confidential information contained within the Contract. This Contract is subject to the approval of the Commission, and any and all provisions herein are subject to change by order(s) of the Commission by lawful exercise of its regulatory functions and authority. The Customer and the Company agree that neither party will request that the Commission amend the terms of the Contract without the consent of the other party, provided, however, that the Company is not required to obtain the Customer's consent prior to making filings seeking changes to SCE&G's General Terms & Conditions on file with the Commission or to any of SCE&G's tariffed rates (where such changes are generally applicable to all customers on the tariffed rate), even though such changes may impact the Contract.

ARTICLE 20

OTHER PROVISIONS

(a) It is expressly understood and agreed that this Agreement is subject to change, modification, or annulment by the Commission at any time, and that this contract, the charges above-mentioned, and all services rendered hereunder are all subject also to the Company's General Terms & Conditions and the Commission Rules, as the same now exist or may hereafter be amended.

(b) The agreements and covenants of Customer herein shall run with its said plant and premises hereinbefore mentioned as a contract operating in the future, so as to hold and bind the owners thereof until the completion of the full term of this contract unless so relieved by Company by an instrument in writing by an authorized official of Company.

(c) The terms and conditions of the contract cannot be added to, varied or waived, either verbally or in writing by any agent, solicitor or other person connected with Company on its behalf except by an authorized official of Company, in writing.

(d) To the extent not inconsistent with the terms of this Agreement, the provisions of the Company's General Terms & Conditions shall apply.

(e) This Agreement supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to the same services.

(f) Company agrees to design, build, operate, repair, and maintain its system used to provide service under this Agreement in accordance with Good Utility Practice and the Company's General Terms & Conditions. Company also agrees to follow and comply with its own standards and procedures with respect to any action or obligation that is required or allowed under this Agreement.

(g) Notwithstanding anything herein to the contrary, the Parties do not by this Agreement intend to bar, prohibit, or preclude in any way Customer's ability to: (i) take service under any other applicable Company tariff to which Customer is eligible; (ii) participate in any Company tariff or program whereby Customer would be entitled to or receive compensation or credit based on Customer's ability to modify its dispatch of the Generator or Customer's usage or demand at the facilities it owns and operates in North Charleston, South Carolina; or (iii) sell or otherwise convey any attributes of electric power and energy, including but not limited to any renewable energy credits, from the Generator, as allowed under applicable law. This Agreement is dependent upon Customer delivering all power and energy from the Generator to the Company. In the event, Customer elects to contract to sell any of the power and energy from the Generator to a third party, then this Agreement will be null and void. For the avoidance of doubt, the Parties confirm that the power and energy referenced in this subsection (g) does not include any renewable energy credits or other attributes of the electric power and energy from the Generator.

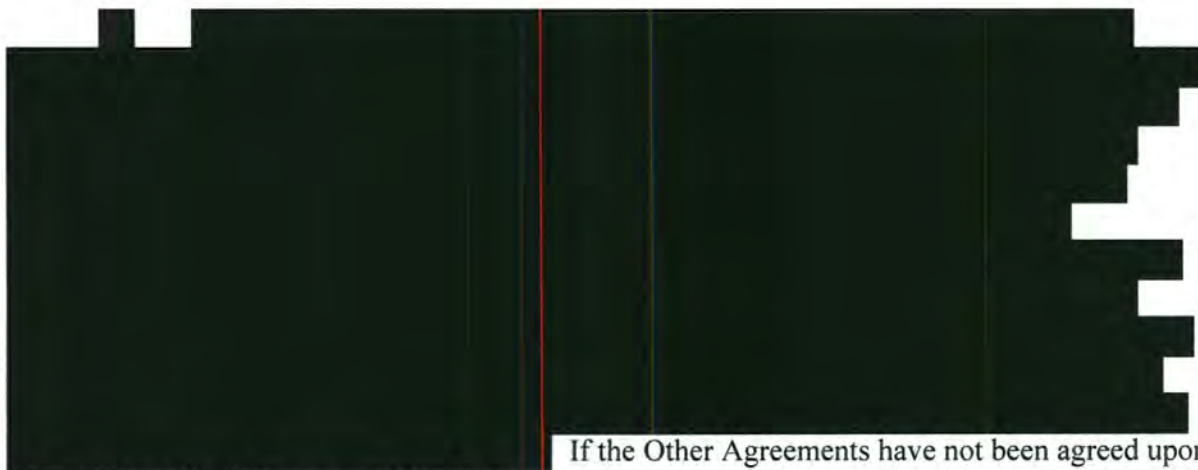
(h) Rules of Interpretation. Unless a clear contrary intention appears:

- (i) the singular number includes the plural number and vice versa;
- (ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
- (iii) reference to any gender includes each other gender;
- (iv) reference to any agreement, document or instrument means that agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof;
- (v) "hereunder," "hereof," "hereto," and words of similar import will be deemed references to this agreement as a whole and not to any particular section or other provision hereof;
- (vi) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;
- (vii) "or" is used in the inclusive sense of "and/or"; and

(viii) references to documents, instruments, or agreements include addenda, exhibits, schedules, or amendments thereto unless a contrary intention is stated.

(i) Customer requests and Company hereby agrees to keep the terms of this Contract confidential. Neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of this Contract to a third party except (i) in order to comply with any applicable law, order, regulation, or exchange rule; (ii) to the extent necessary for the enforcement of this Contract; or (iii) to its employees, lenders, counsel, accountants and other agents on a need-to-know basis for the analysis of business issues related to this Contract, provided such persons shall have agreed to keep such terms confidential. The existence of this Contract is not confidential.

(j) This agreement was negotiated by the Parties with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this agreement to be construed or interpreted against any Party will not apply to any construction or interpretation hereof.



If the Other Agreements have not been agreed upon as to form and/or fully executed by the Parties as set forth above on or before December 15, 2018 ("Other Agreements Deadline"), either Party may, at its option and as its sole remedy, terminate this Agreement by giving written notice to the other party within fifteen (15) days following the Other Agreements Deadline (provided that the Other Agreements have not been agreed upon as to form and/or fully executed as set forth above prior to the other Party's receipt of said termination notice). Upon any such termination of this Agreement, this Agreement and the obligations of the Parties hereunder shall terminate except for such obligations as are to survive any such termination by their express terms.

(l) This Agreement may be executed in multiple counterparts by the Parties hereto. All counterparts so executed shall constitute one agreement binding upon all Parties, notwithstanding that all Parties are not signatories to the original or the same counterpart. Each counterpart shall be deemed an original to this Agreement, all of which shall constitute one agreement to be valid as of the date of this Agreement. Documents executed, scanned and transmitted electronically and electronic signatures shall be deemed original signatures for purposes of this Agreement and all matters related thereto, with such scanned and electronic

signatures having the same legal effect as original signatures. This Agreement, any other document necessary for the consummation of the transaction contemplated by this Agreement may be accepted, executed or agreed to through the use of an electronic signature in accordance with the Electronic Signatures in Global and National Commerce Act ("E-Sign Act"), Title 15, United States Code, Sections 7001 et seq., the Uniform Electronic Transaction Act ("UETA") and any applicable state law. Any document accepted, executed or agreed to in conformity with such laws will be binding on each Party as if it were physically executed.

ARTICLE 21

NOTIFICATIONS AND COMMUNICATIONS

The Parties shall establish communications sufficient to satisfy each other's needs as to notifications, availability, and appreciable load changes and pricing, to include acceptable limits beyond which either Party's operations may be adversely affected. Written requests for acknowledgments may be required by either Party of the other.

Each Party agrees to designate in writing for each operational function specified in this Agreement the name and contact information for the person constituting the primary point of contact for each such function. Such operational contacts are designated solely for the purpose of facilitating operational efficiency and do not limit the authority of other person's to speak on such operational issues or the ability on the statements by other persons of the other Party with respect to such operational issues. Contact information shall include business telephone numbers, cellular/mobile phone telephone numbers, email addresses, and street addresses of the contact persons listed, and such contact persons shall be generally available at all reasonable hours.

ARTICLE 22

INSURANCE

Company agrees that it will maintain, or cause to be maintained, self-insurance and/or insurance of such types, and against such liabilities and hazards, as customarily is maintained by other companies operating similar businesses. Company represents and warrants that it has sufficient assets to reasonably cover any liability set forth in this Agreement. Company's self-insured coverage applies as if Company has contracted with a third-party for coverage, including the assumption of defense costs that is given with standard additional insured endorsements.

ARTICLE 23

SAFETY

The Company shall require that employees of Company, a supplier of Company, or a subcontractor of Company performing Company's duties under this Agreement on Customer's property participate in reasonable periodic safety and security orientations, including any required by OSHA or that would be prudent or appropriate due to the hazards specific to Customer's affected site.

Prior to the start of work, Company shall require that a pre-job safety briefing, or tailboard conference, is conducted with all affected Company employees. This briefing will cover the work procedures involved, the hazards associated with the work, the precautions and safe work practices to be followed, and personal protective equipment to be used. Additional briefings will be held if changes occur which impact safety.

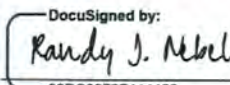
The Company agrees to provide a safe and healthy work environment through the prevention of occupational injuries and illnesses. Its accident prevention program is based on several key elements, including training and education, recognition and control or elimination of safety hazards, written rules and procedures, use of protective equipment, personal accountability and supervisory involvement in the safety management process.

Company agrees to require that all of its employees, including contract employees, conduct each job in a manner that meets company safety expectations as outlined in Company procedures directing safe work practice.

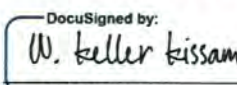
The Company agrees to comply with all applicable federal, state and local laws relating to occupational safety and health, including OSHA, and follows best industry standards for the electric utility business. The Company agrees to comply with its safety procedures applicable to the work being performed. Upon Customer's request, Company agrees to provide a copy of its safety procedures.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives, effective as of the date first written above.

KAPSTONE CHARLESTON KRAFT, LLC

By: 
Print: Randy J. Nebel
Title: President

SOUTH CAROLINA ELECTRIC & GAS COMPANY

By: 
Print: W. Keller Kissam
Title: President & Chief Operating Officer

APPENDIX A**ECONOMY, STANDBY & MAINTENANCE POWER PRICING PROVISION****ADMINISTRATIVE CHARGE**

██████████ per billing month, in addition to all other charges.

ECONOMY POWER

Economy Power supplied hereunder shall be considered as displacing electric energy that otherwise would have been generated by the Customer from its own available and operational electric generating facility.

Upon request by the Customer, and when available and authorized by the Company's dispatcher, the Customer may receive Economy Power. Authorization for Economy Power shall not be unreasonably withheld. A determination of unavailability shall not be unreasonably made. Any unauthorized use of Economy Power will be billed as Standby Power.

RATE PER MONTH

Demand Charge:

None

Energy Charge:

ON-PEAK

Fuel cost of highest cost generation unit or purchased power (other than co-generation) plus ██████████ per kilowatt hour.

OFF-PEAK

Fuel cost of highest cost generation unit or purchased power (other than co-generation) plus ██████████ per kilowatt hour.

Applicable taxes will be added to the above charges.

STANDBY POWER

All power delivered other than that authorized and identified as Supplemental Power or Economy Power above or Maintenance Power below shall be considered Standby Power. All rates and charges for Standby Power shall apply to the KW or KWh in excess of the KW or KWh provided through Supplemental Power.

RATE PER MONTH

<u>On-Peak Hours Demand Charge</u>	
Months of June-September	██████ per KW per day of on-peak billing demand.
Months of October-May	██████ per KW per day of on-peak billing demand.
<u>Off-Peak Hours Demand Charge</u>	██████ per KW per day of off-peak billing demand.
<u>Energy Charge:</u>	Same as that for economy power above.

The On-Peak billing demand (to the nearest whole KW) shall be the maximum integrated fifteen-minute demand measured (which may be on a rolling time interval) during the on-peak hours of any day in which standby power is taken.

The Off-peak billing demand (to the nearest whole KW) shall be the positive difference of the maximum integrated fifteen-minute demand measured (which may be on a rolling time interval) during the off-peak hours of any day in which standby power is taken minus the on-peak billing demand.

Determination of On-Peak and Off-Peak Hours**A. On-Peak Hours during Summer Months:**

June-September:

The on-peak hours are defined as the hours between 1:00 p.m. - 9:00p.m., Monday-Friday excluding holidays.*

B. On-Peak Hours during Non-Summer Months:

May & October:

The on-peak non-summer hours are defined as the hours between 1:00 p.m. - 9:00 p.m. Monday-Friday, excluding holidays.*

November - April:

The on-peak, non-summer hours are defined as those hours between 6:00 a.m. - 12:00 noon and 5:00 p.m. - 9:00 p.m.
Monday- Friday, excluding holidays.*

C. Off-Peak Hours:

The off-peak hours in any month are defined as all hours not specified as on-peak hours.

*Holidays are: New Year's Day, Memorial Day, Independence Day, Thanksgiving Day and Christmas Day.

CURTAILMENT NOTIFICATION

The Company, at its discretion, may at any time direct Customer to reduce its "Economy Power" and/or "Standby Power" take to zero or to a kW level prescribed by the Company, and Customer agrees to reduce its take to the specified level as quickly as practicable, but within 4 hours during non-emergency conditions and within 10 minutes during emergency conditions, as directed by the Company. However, the Company at its discretion, reserves the right to terminate Economy Power and/or Standby Power at any time and without prior notice. The Company also reserves the right to record verbal load reduction directives. For each incident during the billing period that Customer fails to reduce its take to the Level prescribed by the Company, there will be an additional charge of [REDACTED] per day for each excess KW taken.

LIMITING PROVISION

The Standby Power rate will be available for [REDACTED] annual hours of consumption beginning in May and ending in April.

If the Account exceeds [REDACTED] hours of standby service, the account will be billed on Large General Service Time of Use Rate 24 with Option C of the interruptible service rider through the following April.

In addition, all standby service rendered prior to the account exceeding [REDACTED] hours shall be billed retroactively until the prior May based on the rate above.

Economy Power shall be authorized by Company for a 24-hour period (Economy Power Day) beginning at 12:01 a.m. on a given day and ending at 12:00 midnight on the following day. In order to receive Economy Power over an Economy Power Day, Customer must inquire as to the availability of such power no earlier than one hour and no later than 15 minutes before the commencement of such twenty-four hour period.

If Standby Power is received by Customer during any part of a day, even if Economy Power is authorized during another part of the day, Customer shall be liable for (a) the energy charge applicable to Standby Power received in that day and (b) the On-Peak Demand Charge and Off-Peak Demand Charge for that day.

Economy Power shall be considered available over a given Economy Power Day whenever Company authorizes same.

MAINTENANCE POWER

Maintenance Power may be requested by Customer when the generator is partially or totally unavailable due to scheduled maintenance. Maintenance Power shall be requested in advance and becomes scheduled maintenance with the approval of Company. Once scheduled, Maintenance Power becomes Firm. All rates and charges for Maintenance Power shall apply to the KW or KWh in excess of the kW or kWh provided as Supplemental Power.

Demand Charge - [REDACTED]/kW of daily billing demand

Energy Charge - [REDACTED]/kWh

The billing demand (to the nearest whole KW) shall be the maximum integrated fifteen-minute demand measured, (which may be on a rolling time interval), during each day of the scheduled maintenance period.

The maintenance energy charge will apply to those kWh occurring during the scheduled maintenance period. Fuel costs of \$0.02509 per kWh are included in the maintenance energy charge and subject to adjustment by the Public Service Commission of South Carolina.

POWER FACTOR ADJUSTMENT

The Customer shall maintain a power factor of as near unity as is practicable. If the power factor of the Customer's installation falls below 85%, the Company will adjust the appropriate billing demand to a basis of 85% power factor. The calculation of Power Factor shall include the positive or negative VAR contribution from the power generated by Customer's Generator.

COMPANY SUPPLIED KILOVAR AMPERES REACTIVE

Kilovar Amperes will be measured on an integrated fifteen minute basis. The maximum KVAR supplied by the Company during any fifteen minute interval when kilowatts are not supplied shall be billed at \$ [REDACTED] per KVAR per month.

MINIMUM CHARGE

The annual minimum charge shall be [REDACTED] per KW times the greater of: (1) 50% of the actual maximum recorded KW On-Peak Billing Demand occurring during the current contract year or (2) 50% of the contracted standby KW load.

RENEWABLE ENERGY RESOURCES

A charge of \$100.00 per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program Incremental Costs.

All charges included in this Appendix A will be adjusted for any changes to the Company's rate schedules approved by the Public Service Commission of South Carolina. Examples include, but are not limited to: 1) Adjustments for Fuel, Variable Environmental & Avoided Capacity, and Distributed Energy Resource Costs; 2) Demand Side Management Component updates; 3) Pension Cost Component updates; 4) Storm Damage Component updates; 5) Tax Riders; and 6) Retail Electric Rate Proceedings.

APPENDIX B
FIRM BASELOAD RATE

RATE 23

INDUSTRIAL POWER SERVICE

AVAILABILITY

This rate is available to any customer classified in the major industrial group of manufacturing with 10-14 or 20-39 as the first two digits of the Standard Industrial Classification or 21 or 31-33 as the first two digits of the six digit North American Industry Classification System, using the Company's standard service for power and light requirements, and having a contract demand of 1,000 KW or over. It is not available for resale service.

CHARACTER OF SERVICE

Alternating Current, 60 hertz, three phase, metering at the delivery voltage which shall be standard to the Company's operation.

RATE PER MONTH

I. Basic Facilities Charge	\$ 2,050.00
II. Demand Charge:	
All KW of Billing Demand @	\$ 16.08 per KW

The billing demand (to the nearest whole KW) shall be the greatest of: (1) the maximum integrated fifteen minute demand measured (which may be on a rolling time interval) during the current month; or (2) eighty percent (80%) of the highest demand occurring during the billing months of June through September in the eleven preceding months; or (3) sixty (60%) of the highest demand occurring during the billing months of October through May in the eleven preceding months; or (4) the contract demand; or (5) 1,000 KW.

The customer shall maintain a power factor of as near unity as practicable. If the power factor of the customer's installation falls below 85%, the Company will adjust the billing demand to a basis of 85% power factor.

III. Energy Charge:	
All kWh @	\$ 0.04906 per kWh

DECREMENT PER MONTH (FROM H.4375 DECREMENT RIDER)

I. Basic Facilities Charge	\$ (200.00)
II. Demand Charge:	
All KW of Billing Demand @	\$ (1.84) per KW
III. Energy Charge:	
All kWh @	\$ (0.00874) per kWh

H.4375 DECREMENT-ADJUSTED RATE PER MONTH

I. Basic Facilities Charge	\$ 1,850.00
II. Demand Charge:	
All KW of Billing Demand @	\$ 14.24 per KW
III. Energy Charge:	
All kWh @	\$ 0.04032 per kWh

DISCOUNT

A discount of \$0.60 per KW of billing demand will be allowed when the service is supplied at a delivery voltage of 46,000 volts or higher.

MINIMUM CHARGE

The monthly minimum charge is the demand as determined above. It shall also include the basic facilities charge as stated above, and the Distributed Energy Resource Program charge, as stated below. The Company may allow a buildup period not to exceed six months for new and expanding accounts during which time the contract demand and/or the minimum demand specified in the rate schedule may be waived. The Company shall not commit itself to a buildup period exceeding six months without prior approval of the Commission for the specific account involved.

ADJUSTMENT FOR FUEL, VARIABLE ENVIRONMENTAL & AVOIDED CAPACITY, AND DISTRIBUTED ENERGY RESOURCE COSTS

Fuel costs of \$.02509 per kWh are included in the energy charge and are subject to adjustment by order of the Public Service Commission of South Carolina. A charge of \$100.00 per account per month will be added to the charges above for the recovery of approved Distributed Energy Resource Program incremental costs.

DEMAND SIDE MANAGEMENT COMPONENT

The energy charges above include a DSM component of \$.00095 per kWh for Demand Side Management expenses.

PENSION COSTS COMPONENT

The energy charges above include a Pension Costs component of \$.00033 per kWh as approved by the Public Service Commission of South Carolina.

STORM DAMAGE COMPONENT

Inclusion of a storm damage component has been indefinitely suspended until further order of the Public Service Commission of South Carolina.

SALES AND FRANCHISE TAX

To the above will be added any applicable sales tax, franchise fee or business license tax which may be assessed by any state or local governmental body.

PAYMENT TERMS

All bills are net and payable when rendered.

SPECIAL PROVISIONS

The Company will furnish service in accordance with its standard specifications. Non-standard service will be furnished only when the customer pays the difference in costs between non-standard service and standard service or pays to the Company its normal monthly facility charge based on such difference in costs.

TERM OF CONTRACT

The contract terms will depend on the conditions of service. No contract shall be written for a period less than five (5) years. A separate contract shall be written for each meter at each location.

GENERAL TERMS AND CONDITIONS

The Company's General Terms and Conditions are incorporated by reference and a part of this rate schedule.

APPENDIX C
CUSTOMER SUBSTATION FACILITIES CHARGE

APPENDIX C

CUSTOMER SUBSTATION FACILITIES CHARGE

Westvaco Substation – Estimated Customer Substation Facilities Charge

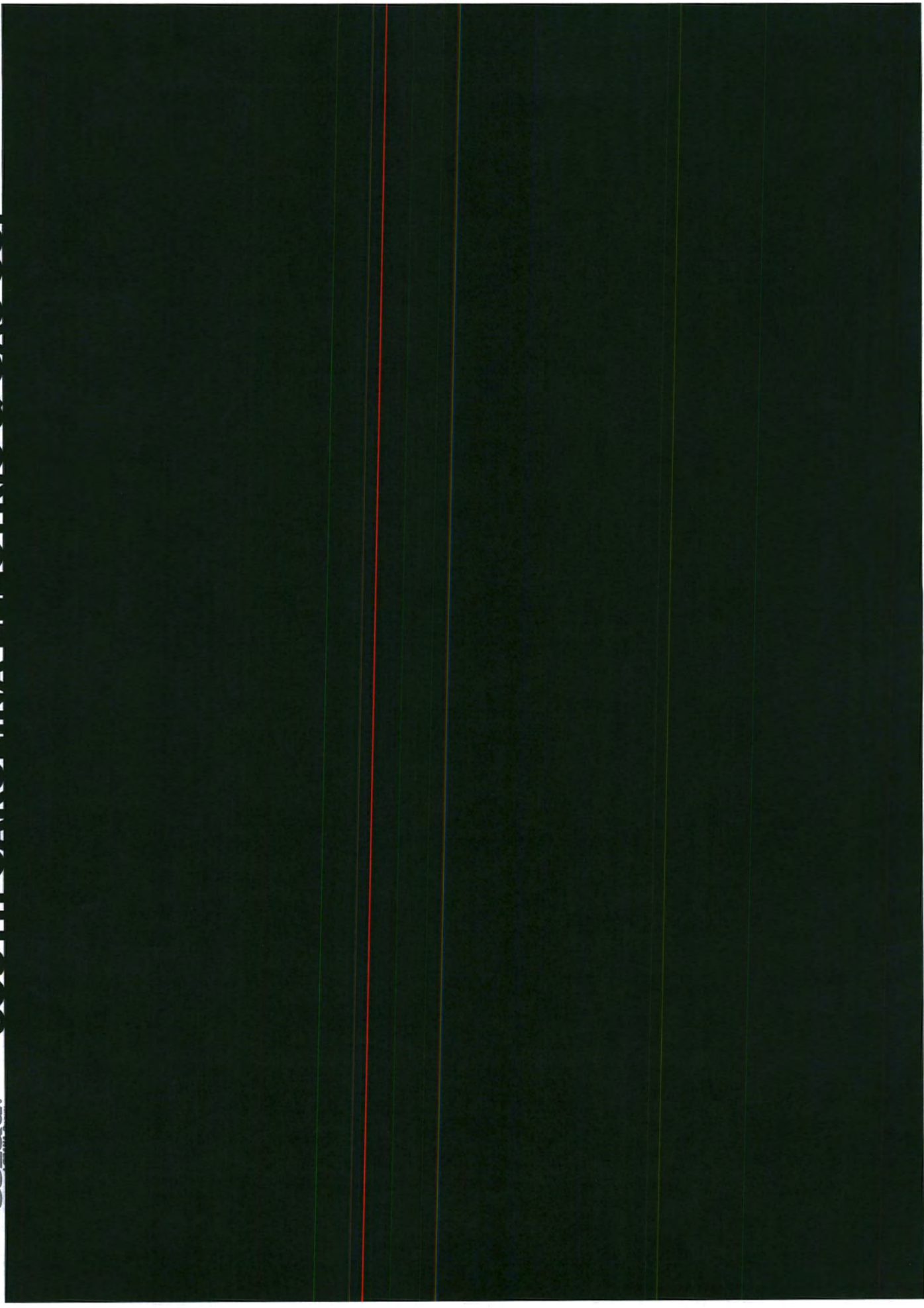
Installed Cost of Substation	
less Transmission Assets Allocated Cost	
Customer Substation Cost Basis	
Annual Facility Charge Rate	
Customer Substation Cost Basis	
less MeadWestvaco ¹	
KapStone Cost Basis	
Monthly Facilities Charge	
Annual Charge	
Reduction for MW of Firm Supplemental Contract Demand	
Ratio of MW / MW ²	
Monthly Credit for MW of Firm Supplemental Contract Demand	
Adjusted Monthly Facilities Charge	

¹ By Contract -

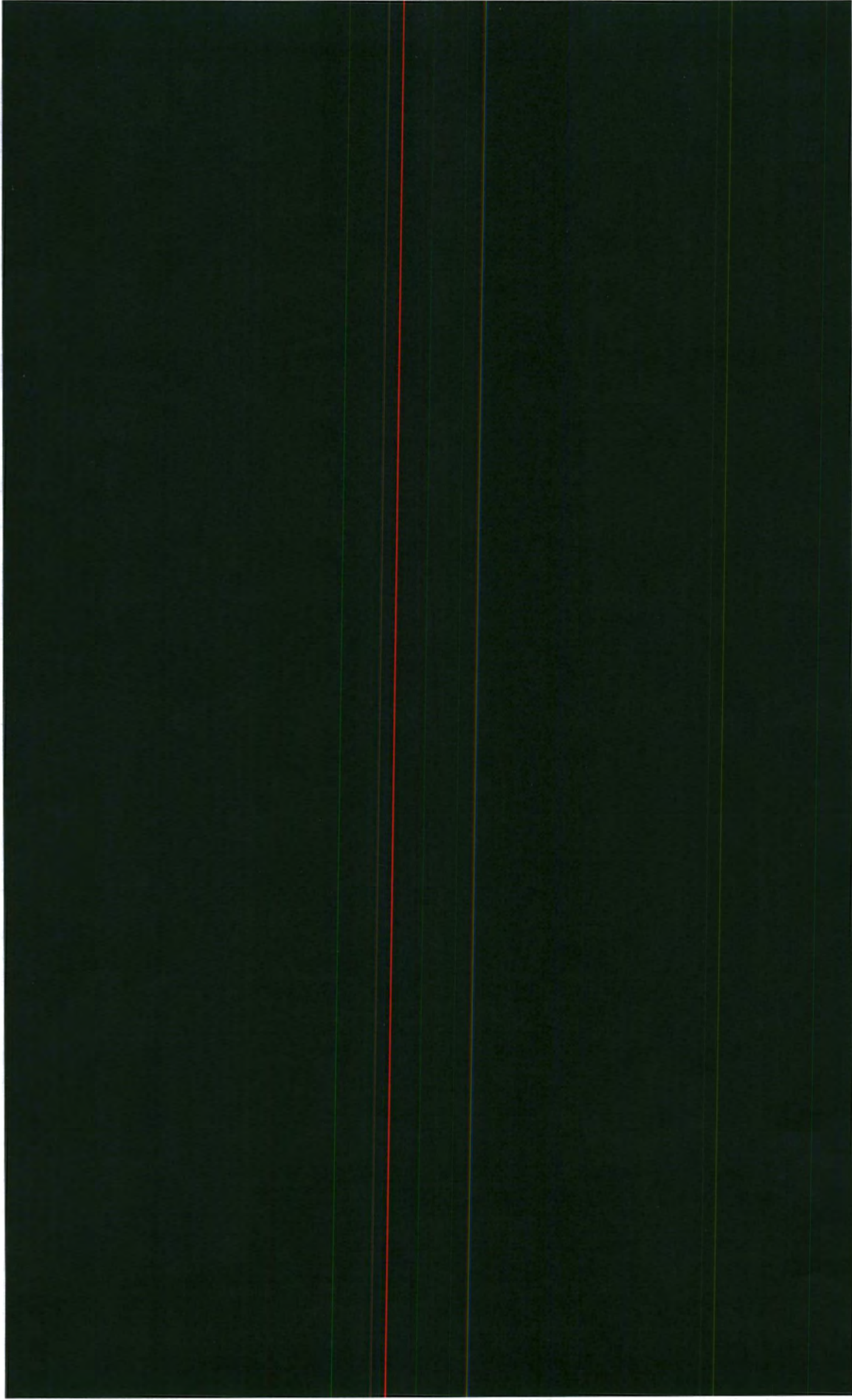
² The Peak kW demand for KapStone's load fed from the substation between Jan-15 through Jul-18 was kW.

PUBLIC VERSION

 **SOUTH CAROLINA ELECTRIC & GAS CO.**



APPENDIX D
TRANSFORMER LOSS ADJUSTMENTS



PUBLIC VERSION

Appendix D
Transformer Loss Compensation

Loss Compensation Summary



PUBLIC VERSION

Kapstone Bank #1

Draft

7/12/2017

Manufacturer

$$VIL = [(Rated\ KVA * 1000 * \% \text{ Exciting Current}/100)^{**2} - WIL^{**2}]^{**0.5}$$
$$\begin{aligned} \text{WILC} &= \text{WIL} / V^{**2} \\ \text{WCLC} &= \text{WCL} / I^{**2} \\ \text{VILC} &= \text{VIL} / V^{**2} \\ \text{VCLC} &= \text{VCL} / I^{**2} \end{aligned}$$

Transformer Losses

KVAR

KW

7/12/2017

No	Name of the equipment	KW		KVAR	
		Actual	Design	Actual	Design
1	Boiler	100	100	50	50
2	Compressor	50	50	25	25
3	Motor	20	20	10	10
4	Generator	150	150	75	75
5	Transformer	30	30	15	15
6	Control Panel	5	5	2	2
7	Valve	10	10	5	5
8	Pump	15	15	7	7
9	Heater	25	25	12	12
10	Chiller	40	40	20	20
11	Exhaust Fan	12	12	6	6
12	Conveyor	18	18	9	9
13	Drum	8	8	4	4
14	Storage Tank	10	10	5	5
15	Control Valve	5	5	2	2
16	Motor	20	20	10	10
17	Generator	150	150	75	75
18	Transformer	30	30	15	15
19	Control Panel	5	5	2	2
20	Valve	10	10	5	5
21	Pump	15	15	7	7
22	Heater	25	25	12	12
23	Chiller	40	40	20	20
24	Exhaust Fan	12	12	6	6
25	Conveyor	18	18	9	9
26	Drum	8	8	4	4
27	Storage Tank	10	10	5	5
28	Control Valve	5	5	2	2
29	Motor	20	20	10	10
30	Generator	150	150	75	75
31	Transformer	30	30	15	15
32	Control Panel	5	5	2	2
33	Valve	10	10	5	5
34	Pump	15	15	7	7
35	Heater	25	25	12	12
36	Chiller	40	40	20	20
37	Exhaust Fan	12	12	6	6
38	Conveyor	18	18	9	9
39	Drum	8	8	4	4
40	Storage Tank	10	10	5	5
41	Control Valve	5	5	2	2
42	Motor	20	20	10	10
43	Generator	150	150	75	75
44	Transformer	30	30	15	15
45	Control Panel	5	5	2	2
46	Valve	10	10	5	5
47	Pump	15	15	7	7
48	Heater	25	25	12	12
49	Chiller	40	40	20	20
50	Exhaust Fan	12	12	6	6
51	Conveyor	18	18	9	9
52	Drum	8	8	4	4
53	Storage Tank	10	10	5	5
54	Control Valve	5	5	2	2
55	Motor	20	20	10	10
56	Generator	150	150	75	75
57	Transformer	30	30	15	15
58	Control Panel	5	5	2	2
59	Valve	10	10	5	5
60	Pump	15	15	7	7
61	Heater	25	25	12	12
62	Chiller	40	40	20	20
63	Exhaust Fan	12	12	6	6
64	Conveyor	18	18	9	9
65	Drum	8	8	4	4
66	Storage Tank	10	10	5	5
67	Control Valve	5	5	2	2
68	Motor	20	20	10	10
69	Generator	150	150	75	75
70	Transformer	30	30	15	15
71	Control Panel	5	5	2	2
72	Valve	10	10	5	5
73	Pump	15	15	7	7
74	Heater	25	25	12	12
75	Chiller	40	40	20	20

Kapstone Bank #3

Draft

7/12/2017

Manufacturer

$$VIL = [(Rated\ KVA * 1000 * \% \text{ Exciting Current}/100)^{**2} - WIL^{**2}]^{**0.5}$$
$$\begin{aligned} WILC &= WIL / V^{**2} \\ WCLC &= WCL / I^{**2} \\ VILC &= VIL / V^{**2} \\ VCLC &= VCL / I^{**2} \end{aligned}$$

Transformer Losses

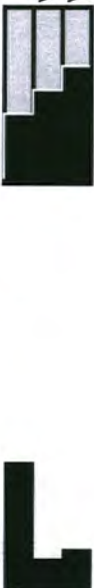
KVARE

KW

Kapstone Bank #4
Draft
7/12/2017

Manufacturer

[REDACTED]



$$WIL = [(Rated\ KVA * 1000 * \% \text{ Exciting Current}/100)^{**2} - WIL^{**2}]^{**}$$
$$VCL = [(Rated\ KVA * 1000 * \% \text{ Impedence}/100)^{**2} - WCL^{**2}]^{**0.5}$$

$$WILC = WIL / V^{**2}$$
$$WCLC = WCL / I^{**2}$$
$$VILC = VIL / V^{**2}$$
$$VCLC = VCL / I^{**2}$$

Transformer Losses									
KW					KVAR				
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Kapstone GSU
*****Draft*****
7/12/2017

Manufacturer

$$VIL = [(Rated\ KVA * 1000 * \% \text{ Exciting Current}/100)^{**2} - WIL^{**2}]^{**0.5}$$

WILC = WIL / V**2
WCLC = WCL / I**2
VILC = VIL / V**2
VCLC = VCL / I**2

Transformer Losses

KVAR

KW

1000

1

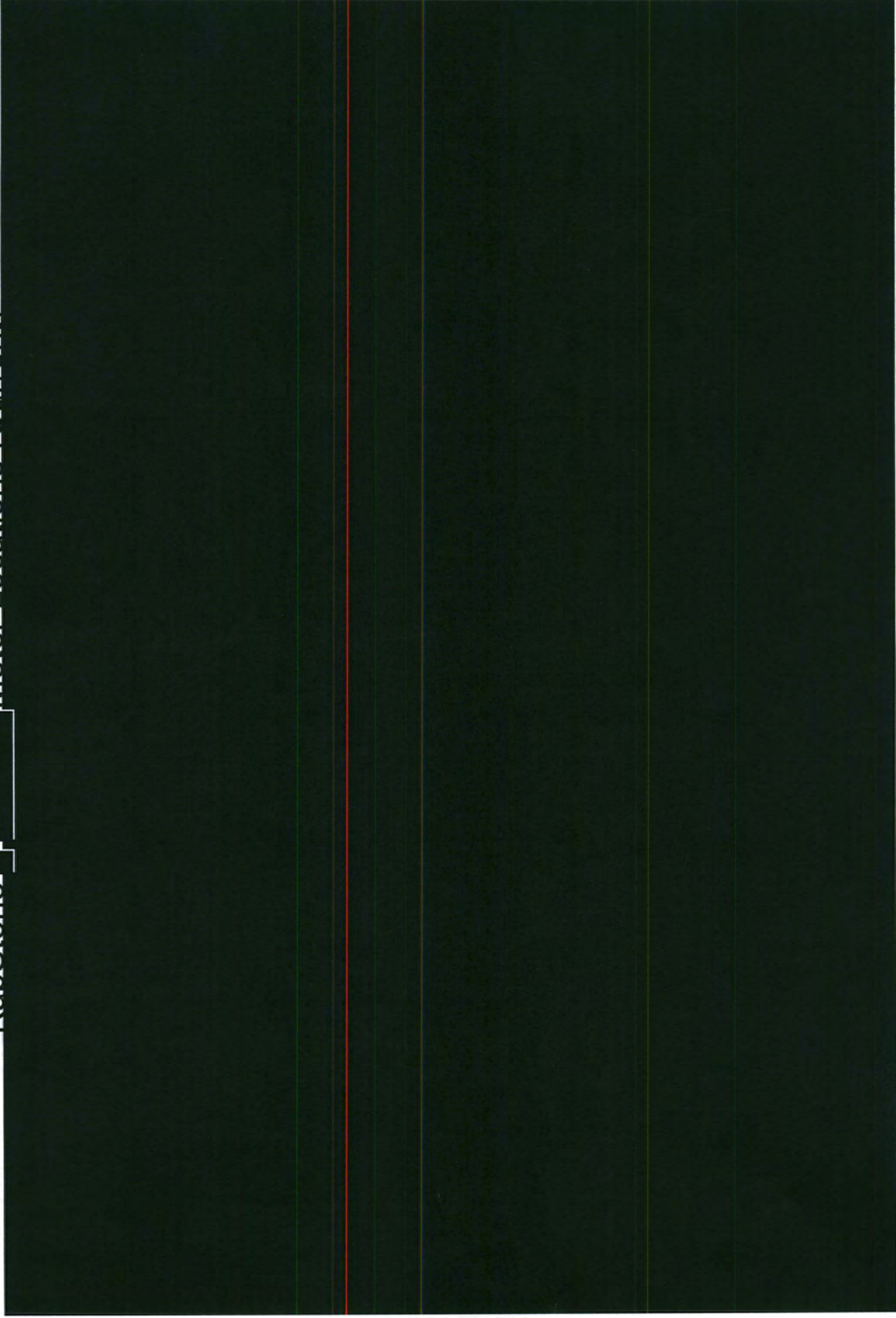
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1

1

APPENDIX E
METERING CONFIGURATION

KapStone Appendix E Meter Locations (Current)



Monthly Billing Determination (Current)

Kapstone Billing Units

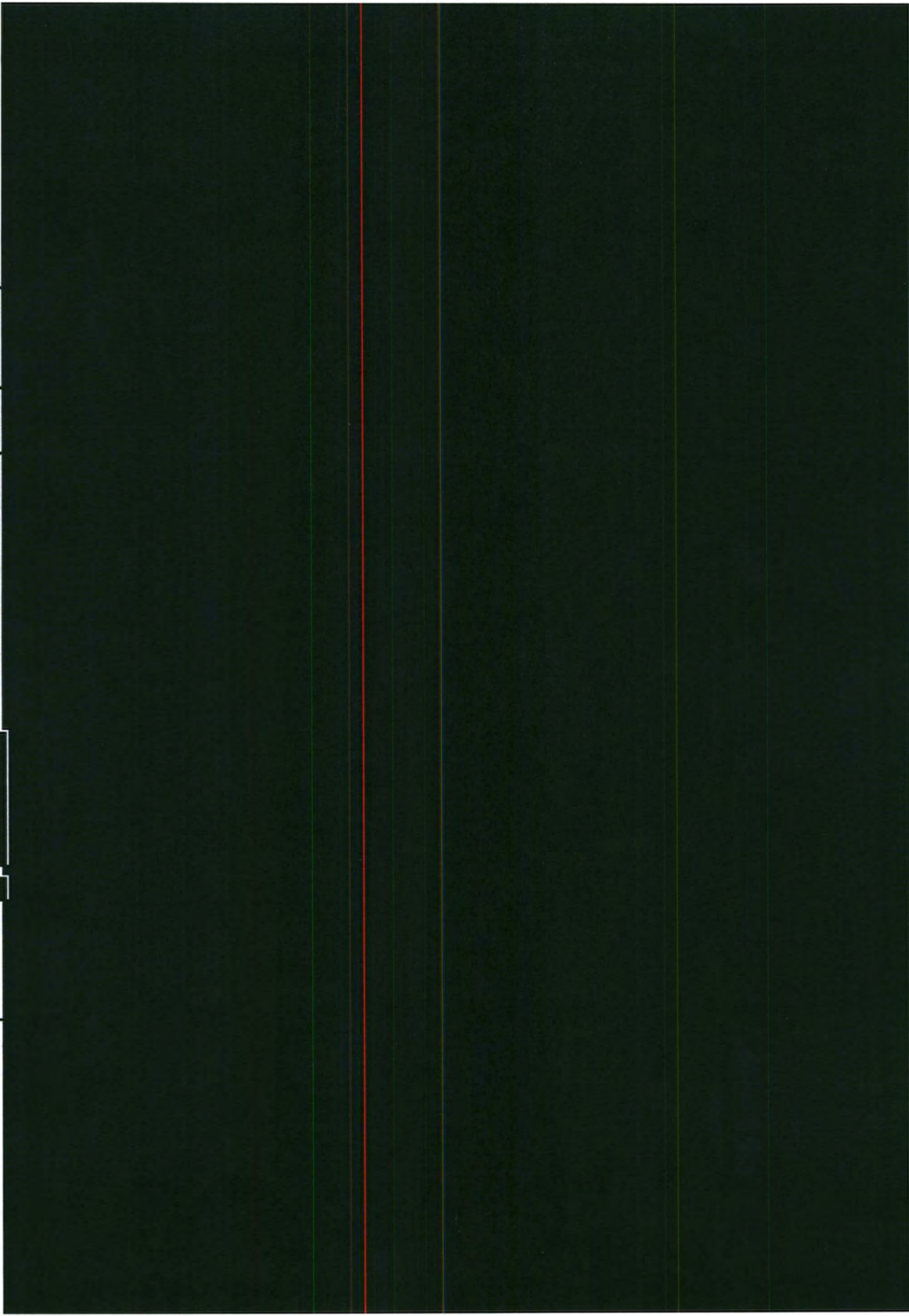
$$\sum_{\substack{\text{demand} \\ \text{15 minute} \\ \text{interval}}} = M1 + M2 + M3 + M4 - M6 - M7 - M9 - M10$$

$$\sum_{\text{energy}} = M1 + M2 + M3 + M4 - M6 - M7 - M9 - M10$$

SCE&G Net Generator Output – Shaft-horsepower

$$\sum_{\text{energy}} = M8 - M6 - M7$$

KapStone ■■■ Meter Locations (Proposed)



Monthly Billing Determination (Proposed)

Kapstone Billing Units

$$\sum_{\text{demand}} = M1 + M2 + M3 + M4 - M8 - M9 - M10$$

15 minute
interval

$$\sum_{\text{energy}} = M1 + M2 + M3 + M4 - M8 - M9 - M10$$

Note: All KapStone substation and generator meters and [REDACTED] load meters will be grossed-up for transformer losses as outlined in Appendix D.

South Carolina Electric & Gas Company**Electric
(Page 1 of 8)****GENERAL TERMS AND CONDITIONS****I. GENERAL****A. FOREWORD**

1. In contemplation of the mutual protection of both South Carolina Electric & Gas Company and its Customers and for the purpose of rendering an impartial and more satisfactory service, the General Terms and Conditions of the Company are hereby set forth and filed with the Public Service Commission of South Carolina, which has jurisdiction over public utilities, so as to read as hereinafter set forth; the same being incorporated by reference in each contract or agreement for service.
2. These Terms and Conditions are supplementary to the Rules and Regulations issued by the Public Service Commission of South Carolina covering the operation of electric utilities in the State of South Carolina.
3. These Terms and Conditions may be supplemented for specific Customers by contract.
4. South Carolina Electric & Gas Company is referred to herein as "Company", and the user or prospective user is referred to as "Customer". The Public Service Commission of South Carolina is referred to as "Commission".

B. Application

Provisions of these Terms and Conditions apply to all persons, partnerships, corporations or others designated as Customers who are lawfully receiving electric service from Company under the prescribed Rate Schedules or contracts filed with the Commission. Receipt of service shall constitute a contract between Customers and the Company. No contract may be transferred without the written consent of the Company.

C. Term of Service

The rates prescribed by the Commission are based upon the supply of service to each individual Customer for a period of not less than one year, except as otherwise specifically provided under the terms of the particular Rate Schedule or contract covering such service.

D. Terms and Conditions

The Terms and Conditions contained herein are a part of every contract for service entered into by the Company and govern all classes of service where applicable unless specifically modified as a provision or provisions contained in a particular Rate Schedule or contract.

E. Selection of Appropriate Rate

Where two or more Rate Schedules are available, the Company will attempt to assist the Customer to a reasonable extent in determining which Schedule to select. The Company may allow a buildup period not to exceed six months for new and expanding accounts during which time the contract demand and/or minimum demand specified in the Rate Schedule may be waived. It is the responsibility of the Customer to select the Rate and the Company will not assume responsibility for the choice.

F. Temporary Service

Temporary or seasonal service will be furnished under the appropriate General Service Rate Schedule to any Customer. Temporary service shall include all construction services having a life expectancy of one year or less. Payment is required in advance for the full cost of erecting and removing all lines, transformers, and other service facilities necessary for the supply of such service.

G. Statements by Agents

No representative of the Company has authority to modify any Rule of the Commission, provisions of Rate Schedules or to bind the Company by any promise or representation contrary thereto.

South Carolina Electric & Gas Company**Electric
(Page 2 of 8)****II. DEFINITIONS**

Except where the context otherwise indicates another or different meaning or intent, the following terms are intended and used and shall be construed to have meanings as follows:

- A. "Day" shall mean period of twenty-four (24) consecutive hours beginning at 12 o'clock Midnight Eastern Time or at such other hours as may be designated.
- B. "Month" or "Billing Month" shall mean the period between any two (2) regular readings of Company's meters which shall not be less than twenty-eight (28) days or more than thirty-four (34) days.
- C. "Year", unless otherwise designated, shall mean a period of 365 days commencing with the day of first delivery of electricity hereunder, and each 365 days thereafter except that in a year having a date of February 29, such year shall consist of 366 days.
- D. "Premises" shall mean home, apartment, dwelling unit, shop, factory, business location (including signs and water and sewage pumps), church, or other building or structure which shelters the Customer for his individual or collective occupancy where all services may be taken from a single connection.
- E. "Service Point" or "Point of Interconnection" shall mean the point at which Company's and Customer's conductors are connected.
- F. "Standard Service" means a single service per premises from one electrical source and from existing overhead facilities.

III. CONDITIONS OF SERVICE**A. GENERAL**

The Customer shall consult with and furnish to the Company such information as the Company may require to determine the availability of the Company's Service at a particular location before proceeding with plans for any new or additional electric loads. No new or additional electric loads will be served if it is determined that such service will jeopardize service to existing Customers. Failure to give notice of additions or changes in load or location shall render the Customer liable for any damage to the meters or other apparatus and equipment of the Company, the Customer and/or other Customers caused by the additional load or changed installation.

B. Character of Service

Electric energy supplied by the Company shall be standard alternating current at a frequency of approximately 60 hertz and shall be delivered only at voltages and phases as specified by the Company.

C. Rights-of-Way

The Company shall not be required to extend its distribution and service facilities, for the purpose of rendering electric service to the Customer until satisfactory rights-of-way, easements or permits have been obtained from governmental agencies and property owners, at the Customer's expense to permit the installation, operation, and maintenance of the Company's lines and facilities. The Customer, in requesting or accepting service, thereby grants the Company without charge necessary rights-of-way and trimming and clearing privileges for its facilities along, across, and under property controlled by the Customer to the extent that such rights-of-way and trimming and clearing privileges for its facilities along, across, and under property controlled by the Customer are required, necessary or convenient to enable Company to supply service to the Customer and the Customer also grants the Company the right to continue to extend the Company's facilities on, across, or under property controlled by the customer with necessary trimming and clearing rights to serve other Customers. Customer shall maintain such right-of-way so as to grant Company continued access to its facilities by Company's vehicles and other power-operated equipment.

South Carolina Electric & Gas Company**Electric
(Page 3 of 8)****D. Customer's Installation**

Customer's service installations shall be made in accordance with these General Terms and Conditions, Specifications for Service and Meter Installations, existing provisions of the National Electrical Code, the Regulations of the National Board of Fire Underwriters and such other regulations as may be promulgated from time to time by any municipal bureau or other governmental agency having jurisdiction over the Customer's installation or premises.

Customer's wiring and equipment must be installed and maintained in accordance with the requirements of the local, municipal, state, and federal authorities, and the Customer shall keep in good and safe repair and condition such wiring and equipment on Customer's side of the service point exclusive of Company's metering facilities and equipment.

Customer's service entrance requirements shall be stipulated in the Electric Service and Meter Installations Manual, and other manuals published by the Company and approved by the Commission.

Before wiring a premise or purchasing equipment, the Customers shall give the Company notice and shall ascertain from the Company the character of service available at such premises. The Company may specify the voltage and phase of the electricity to be furnished, the location of the meter, and the point where the service connection shall be made.

Customer's service entrance requirements shall be stipulated in the Electric Service and Meter Installations Manual, and other manuals published by the company and approved by the Commission.

It is the standard practice of the Company to provide all requirements of service for the Customer through a single metering point at each premises.

Where more than one service is required by the Customer, and requested services meet all applicable code requirements the Company will provide such additional service upon payment by the Customer to the Company of the charges above the first service. Each service point shall be a separate account. No new service will be connected without proper release from the inspecting authority having jurisdiction. Should there be no inspecting authority in the jurisdiction, the Company shall determine whether or not applicable codes are met and shall have no obligation to provide service until such time as they are met.

Customer shall furnish at his sole expense any special facilities necessary to meet his particular requirements for service at other than the standard conditions specified under the provision of the applicable Rate Schedule. The Customer shall also provide protection for Customer's equipment from conditions beyond the Company's control including, but not limited to, protective devices for single-phase conditions. The Customer shall also provide a suitable place, foundation and housing where, in the judgment of the Company, it is deemed necessary to install transformers, regulators, control or protective equipment on the Customer's premise.

All equipment supplied by the Company shall remain its exclusive property and Company shall have the right to remove the same from the premises of Customer at any time after termination of service for any cause.

Should Customer elect, for any reason, to request relocation of Company's facilities or take any action, which requires such relocation, customer may be required to reimburse the Company for all costs as a result of such relocation. Company may relocate existing service and facilities, at Company's expense, when necessary for system design or operation and maintenance requirements.

The Customer shall be responsible for the protection and safekeeping of the equipment and facilities of the Company while on the Customer's premises and shall not permit access thereto except by duly authorized representatives of the Company. Customer assumes responsibility and liability for damages and injuries caused by failure or malfunctions of Customer's equipment.

South Carolina Electric & Gas Company**Electric
(Page 4 of 8)****E. Special Equipment**

Where a separate transformer or other additional electrical utility standard equipment or capacity is to be used to eliminate fluctuations or other effects detrimental to the quality of service to other Customers due to welding or X-ray equipment, etc., the Company may make a reasonable charge for the transformer equipment and line capacity required. In lieu of the above, the Company may require the Customer to either discontinue the operation of the equipment causing the disturbance or install the necessary motor generator set or other apparatus to eliminate the disturbance detrimental to the service of other Customers.

F. Safe Access to Customer's Premises

The duly authorized representatives of the Company shall be permitted safe access to Customer's premises at any and all reasonable times to inspect, operate and maintain the Company's and the Customer's facilities and equipment for any and all purposes connected with the delivery of service, the determination of connected load or other data to be used for billing purposes, the determination of Customer load requirements or the exercise of any and all rights under the agreement.

G. Company's Installation and Service

Where the Customer's requested service to be supplied by the Company does not produce revenue sufficient to support the expenditure required, the Company will determine in each case the amount of payment and form thereof that shall be required of the Customer.

Electricity supplied by the Company shall not be electrically connected with any other source of electricity without reasonable written notice to the Company and agreement by the parties of such measures or conditions, if any, as may be required for reliability of both systems.

Service supplied by the Company shall not be resold or assigned by the Company to others on a metered or unmetered basis; nor shall the Customer's wiring be connected to adjacent or other premises not owned or operated by the Customer without specific written approval of the Company and of the Commission.

The Company's service facilities will be installed above ground on poles or fixtures; however, underground facilities will be provided when requested in accordance with the Company's appropriate underground service publications.

In Areas of Overhead Distribution: For new services, the Company will install and maintain an overhead service drop for loads up to 300 KVA from its overhead distribution system to the Customer's service connection provided the transformer can be placed in the proximity of the service point. The Company will maintain the overhead service drop for services existing prior to the effective date of these Terms and Conditions with loads up to 500 KVA. For residential Customers, if specifically requested by the Customer, the Company will install and maintain a single phase underground service to any residence (terrain permitting) provided the Customer pays in advance the difference in cost between a new overhead service and the new underground service of equal current carrying capacity.

In Areas of Underground Distribution: The Company will install and maintain the necessary underground facilities to provide a point of service at the Customer's property line or at another location designated by the Company. For residential Customers, the Company will install and maintain a single-phase service to the service point as designated by Company, up to a maximum length of 125 feet. If the requested residential service to Company's designated service point exceeds 125 feet in length, the Customer will pay in advance the total additional cost for that portion in excess of 125 feet in length. For underground service other than residential, the Customer shall furnish, install and maintain necessary service conductors and conduit from their service equipment to the Company's designated point of service regardless of meter location.

South Carolina Electric & Gas Company**Electric
(Page 5 of 8)****H. Term of Contract**

The Term of Contract for service shall be for a term of one year with automatic renewal except as otherwise provided in the applicable Rate Schedule. Where a large or special investment in service facilities is necessary, or other special conditions exist, contracts may be written for (1) a longer term than specified in the Rate Schedule, or (2) a special guarantee of revenue, or (3) a facility charge, or (4) all of these conditions as may be required to safeguard the Company's investment.

I. Continuance of Service and Liability Therefore

The Company does not guarantee continuous service. Company shall use reasonable diligence at all times to provide uninterrupted service but shall not be liable for any loss, cost damage or expense to any Customer occasioned by any failure to supply electricity according to the terms of the contract or by any interruption or reversal of the supply of electricity, if such failure, interruption or reversal is due to storm, lightning, fire, flood, drought, strike, or any cause beyond the control of the Company, or any cause except willful default or gross neglect on its part.

The Company reserves the right to curtail or temporarily interrupt Customer's service when it shall become necessary in order that repairs, replacement or changes may be made in the Company's facilities and equipment, either on or off Customer's premises.

The Company may impose reasonable restrictions on the use of service during peak periods of excessive demand or other difficulty, which jeopardizes the supply of service to any group of Customers.

The Company may waive any minimum charge or guarantee payments for service upon written notice from and request of Customer during such time as the Customer's plant may be completely closed down as a result of strike, lockout, government order, fire, flood, or other acts of God: provided however, that Customer specifically agrees that the term of the service contract shall be extended for a period equal to the period of enforced shutdown. (See Section VII, Force Majeure).

J. Denial or Discontinuance of Service

The Company may refuse or discontinue service and remove the property of the Company without liability to the Customer, or tenants or occupants of the premises served, for any loss, cost, damage or expense occasioned by such refusal, discontinuance or removal, including but not limited to, any of the following reasons:

1. In the event of a condition determined by the Company to be hazardous or dangerous.
2. In the event Customer's equipment is used in such a manner as to adversely affect the Company's service to others.
3. In the event of unauthorized or fraudulent use of Company's service.
4. Unauthorized adjustments or tampering with Company's equipment.
5. Customer's failure to fulfill his contractual obligations.
6. For failure of the Customer to permit the Company reasonable access to its equipment.
7. For nonpayment of bill for service rendered provided that the Company has made reasonable efforts to effect collection.
8. For failure of the Customer to provide the Company with a deposit.
9. For failure of the Customer to furnish permits, certificates, and rights-of-way, as necessary in obtaining service, or in the event such permissions are withdrawn or terminated.

South Carolina Electric & Gas Company**Electric
(Page 6 of 8)**

10. The Company shall not furnish its service to any applicant who at the time of such application is indebted or any member of his household is indebted under an undisputed bill for service, previously furnished such applicant or furnished any other member of the applicant's household or business.
11. The Company may terminate a Customer's service should the Customer be in arrears on an account for service at another premise. For the reason that the Customer's use of the utility service conflicts with, or violates orders, ordinances or laws of the State or any subdivision thereof, or of the Commission.
12. For failure of the Customer to comply with reasonable restrictions on the use of service. The Company may discontinue service without notice for reasons (1), (2), and (3) above. For the remainder of the reasons, the Customer shall be allowed a reasonable time in which to correct any discrepancy.
13. Failure of the Company to terminate or suspend service at any time after the occurrence of grounds therefore or to resort to any other legal remedy or to exercise any one or more of such alternative remedies, shall not waive or in any manner affect the Company's right to later resort to any or more of such rights or remedies on account of any such ground then existing or which may subsequently occur.

K. Reconnection Charge

Where the Company has discontinued service for reasons listed in Section III-J, the Customer is subject to a reconnection charge of \$25.00 in addition to any other charges due and payable to the Company. In cases where both electric and gas service are reconnected at the same time on the same premises for the same Customer, only one charge will be made.

Where the Customer interrupts or terminates service and subsequently requests reconnection of service at the same premises the reconnection charge will apply.

IV. BILLING AND PAYMENT TERMS**A. General**

The rates specified in the various service classifications are stated on a monthly basis. Unless extenuating circumstances prevent, the Company will read meters at regular monthly intervals and render bills accordingly. If for any reason a meter is not read, the Company may prepare an estimated bill based on the Customer's average use billed for the preceding 60 days or from other information as may be available. All such bills are to be paid in accordance with the standard payment terms, and are subject to adjustment on the basis of actual use of service as computed from the next reading taken by the Company's representative or for any circumstances known to have affected the quantity of service used. No more than one estimated bill shall be rendered within a 60-day period unless otherwise agreed to by the Customer or allowed by the Commission.

All billing errors shall be adjusted in accordance with the Commission's Rules and Regulations.

B. Customer's Obligations

The Customer is responsible for electricity furnished and for all charges under the agreement until the end of term thereof.

All bills shall be due and payable when rendered. Notice and collection of unpaid bills will be in accordance with the current Rules and Regulations of the Commission.

No Claim or demand which the Customer may have against the Company shall be set off or counterclaimed against the payment of any sum of money due the Company by the Customer for services rendered. All such sums shall be paid in accordance with the agreement regardless of any claim or demand.

South Carolina Electric & Gas Company**Electric
(Page 7 of 8)**

Should service be terminated, the Customer's deposit shall be applied to reduce or liquidate the account. Service may be restored upon payment of the account, in full, plus the late payment charge set forth below, the reconnection charge set forth above and a deposit as set forth below.

C. Late Payment Charge

A late payment charge of one and one half per cent (1 ½%) will be added to any balance remaining twenty-five (25) days after the billing date.

D. Deposit

A maximum deposit in an amount equal to an estimated two (2) months (60 days) bill for a new Customer or in an amount equal to the total actual bills of the highest two (2) consecutive months based on the experience of the preceding twelve (12) months or a portion of the year if on a seasonal basis may be required from the Customer as security for payment of the account before service is rendered or continued if any of the following conditions exist:

- (1) The Customer's past payment record to the Company shows delinquent payment practice;
- (2) A new Customer cannot furnish either a letter of good credit from a reliable source or any acceptable cosigner or guarantor on the Company's system to guarantee payment;
- (3) A Customer has no deposit and presently is delinquent in payments;
- (4) A Customer has had his service terminated for non-payment or fraudulent use. All deposits may be subject to review based on the actual experience of the Customer. The amount of the deposit may be adjusted upward or downward to reflect the actual billing experience and payment habits of the Customer.

E. Service Charge

The Company may make reasonable charges for work performed on or services rendered:

- 1) Upon Customer's request at the Customer's premises when, at the time the request is made, service and equipment provided by the Company is in good working condition and in compliance with these General Terms and Conditions, Specifications for Service and Meter Installations, existing provisions of the National Electric Code, the Regulations of the National Board of Fire Underwriters and such other regulations as may be promulgated from time to time by any municipal bureau or other governmental agency having jurisdiction over the Customer's installation or premises;
- 2) To repair, replace, remove or gain access to Company's facilities or equipment where such repair, replacement or removal is made necessary by the willful action(s) of the Customer, members of the Customer's household or invitees of the Customer; or
- 3) To repair, replace, remove or gain access to Company's facilities or equipment where such repair, replacement or removal is made necessary by the negligent failure of the Customer to take timely action to correct or to notify the Company or other responsible party to correct conditions which led to the needed repair, replacement or removal, except that such charges shall be apportioned between the Customer and the Company to the extent that the Customer shall only bear that part of the costs which reflect the costs added by the Customer's negligence. Such charges cannot be assessed where the damage is caused by an Act of God except to the extent that the Customer failed timely to mitigate the damages. Such charges may include labor, material and transportation.

South Carolina Electric & Gas Company**Electric
(Page 8 of 8)****V. COMPANY'S LIABILITY****A. General**

The Company shall not be in any way responsible or liable for damages to or injuries sustained by the Customer or others, or by the equipment of the Customer or others by reason of the condition or character of Customer's wiring and equipment, or the wiring and equipment of others on the Customer's premises. The Company will not be responsible for the use; care or handling of electricity delivered to the Customer after it passes the service point. The Customer assumes responsibility and liability for damages and injuries caused by failures or malfunctions of Customer's equipment.

VI. MEASUREMENT OF SERVICE**A. Meter Testing on Request of Customer**

The Customer may, at any time, upon reasonable notice, make written request of the Company to test the accuracy of the meter or meters in use for his service. No deposit or payments shall be required from the Customer for such meter test if said meter has been in service at least one year without testing at Company's expense; otherwise the Customer shall deposit the estimated cost of the test; said deposit shall not exceed \$15.00 without the approval of the Commission. The amount so deposited with Company shall be refunded or credited to the Customer, as a part of the settlement of the disputed account if the meter is found, when tested to register more than 2% fast or slow; otherwise the deposit shall be retained by the Company.

B. Adjustments for Inaccurate Meters

Where it is determined that the Company's meter is inaccurate or defective by more than 2% error in registration, bills shall be adjusted in accordance with the Commission Rules and Regulations.

VII. FORCE MAJEURE**A. General**

In the event Company is unable, wholly or in part, by reason of Force Majeure to carry out its obligations to provide service under its Rate Schedules or Contracts, the obligations of Company, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused but for no longer period and such cause shall, as far as possible, be remedied with all reasonable dispatch.

The term "Force Majeure" as employed herein shall include, but not be limited to acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, extreme weather conditions, storms, floods, washouts, arrest and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines, the maintaining or repairing or alteration of machinery, equipment, structures or lines (which maintaining, repairing or alteration shall, however, be carried out in such manner as to cause the smallest practicable curtailments or interruption of deliveries of electricity), freezing of lines, partial or complete curtailment of deliveries under Company's electric purchase contracts, inability to obtain rights-of-way or permits or materials, equipment or supplies, any of the above, which shall, by the exercise of due diligence and care such party is unable to prevent or overcome, and any cause other than those enumerated herein (whether of the kind enumerated herein or otherwise) not within the control of the person claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the persons affected, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts when such course is inadvisable in the discretion of the person affected thereby.

